

29. Performance Evaluation of Consultants and Contractors Sector

January 2002

Table of Contents

29	Performance Evaluation of Consultants and Contractors	1
29.1	Performance Evaluation of Consultants	1
29.2	Performance Evaluation of Contractors	2

29. Performance Evaluation of Consultants and Contractors

29.1 Performance Evaluation of Consultants

29.1.1 General Procedure

The performance of each consultant retained by a department or line agency should be evaluated:

- To enable the department to ascertain the capacity of the consultant, and determine what type of assignment the consultant may or may not be shortlisted for in future.
- To provide feedback to the consultant on his strengths and weaknesses, so that he may take the necessary actions to improve his capacity.

It is recommended that each department establish a consultants review committee chaired by the Department Head to oversee the performance evaluation process. The committee shall determine the criteria and weights to be used for different types of assignment. Normally the Project Manager and two technical staff familiar with the project and the consultant's work shall carry out the evaluation. The committee shall review the evaluation results, taking note of previous evaluations of the same consultant, and use these results to determine what type of assignments the consultant may be shortlisted for in future.

The evaluation will normally be done once at the end of the assignment. However, in assignments of long duration, such a supervision over several years, the evaluation should be done annually so that any deficiencies may be corrected as quickly as possible during the project.

The consultant should be given a copy of the evaluation. If the consultant requests it, the Project Manager must be willing to give a debriefing, pointing out his reasons for the scores given. The purpose of the debriefing is to inform the consultant of his strengths and weaknesses and where improvement is possible. The evaluation score is final, and the debriefing is not to debate the score.

29.1.2 Consultant Performance Evaluation Form

A model form is given at the end of the Chapter. Consultant performance is evaluated on the basis of 36 criteria divided into two groups:

1. Performance specific to the assignment:

- 1-7: performance in carrying out a feasibility study
- 8-17: performance in providing pre-construction design and tendering services
- 18-23: performance in providing construction supervision services

2. Performance specific to the firm:

- 24-29: performance in administration of the consultant's own contract
- 30-34: performance of the consultant team members
- 35-36: performance in technology transfer.

These criteria are intended to cover the major consulting activities involved in project planning and implementation.

The evaluation of a particular consultant is made using only the criteria which apply to that assignment. For example, a consultant hired for design and tendering services would be evaluated using criteria 8-17. Criteria 1-7 and 18-23 would be ignored.

Regardless of the type of service provided, the consultant's performance in administering his own contract, the team and technology transfer should be evaluated. Thus criteria 24-36 should be evaluated for every assignment, with the possible exception of technology transfer criteria 35-36 if these are clearly not applicable.

29.1.3 Criteria Weight

All criteria are not equal. Each criterion is given a weight between 1 and 5 to reflect its relative importance. The weights shown in the attached form are representative values and the evaluator must choose weights to suit the circumstances of a particular assignment.

In assignments involving both engineering design and construction supervision, the evaluator may double the weight given to each construction supervision criterion (18 to 22) to reflect the relative importance of effective construction quality control and contract administration.

29.1.4 Scoring of Individual Criteria

Each criterion is scored 0,1 or 2 points:

- 0: unsatisfactory
- 1: satisfactory
- 2: very good

Selected criteria are scored 0,1 or 2 points then multiplied by the weight to obtain a weighted score.

29.1.5 Overall Performance Rating

The weighted scores of the selected criteria are summed. Similarly, the maximum obtainable weighted scores for those selected criteria are summed.

$$\text{Overall Performance Rating} = \frac{\text{Total weighted score}}{\text{Maximum obtainable weighted score}} (\%)$$

The Overall Performance Rating provides a measure of the consultant's performance. The following actions are suggested:

- <50%: performance is unsatisfactory: the department may consider dropping the consultant from the list of eligible consultants or only shortlist for a similar assignment if under the direction of a proven prime consultant.
- 50-75%: performance is satisfactory to good: the consultant can be shortlisted for similar assignments but probably not shortlisted for more challenging assignments.
- >75%: performance is very good to excellent: the consultant can be shortlisted for similar assignments and may be shortlisted for more challenging assignments.

29.2 Performance Evaluation of Contractors

29.2.1 General Procedure

Similar to consultants, the performance of each contractor retained by a department or line agency should be evaluated:

- To enable the department to ascertain the capacity of the contractor, and determine the size and type of contract that the contractor may qualified to bid on in future.
- To provide feedback to the contractor on his strengths and weaknesses, so that he may take the necessary actions to improve his capacity.

It is recommended that each department establish a contractor review committee chaired by the Department Head to oversee the performance evaluation process. The committee should

also report its information to, and coordinate with, the Implementation Committee of the Construction Enterprises Development Council which is responsible for licensing and regulating contractors.

There are several key criteria for evaluating the performance of contractors:

- i. Did the actual completion period exceed the approved completion period by more than a reasonable amount, eg. >33%?
- ii. Was the Employer required to make deductions from payments to remedy defects?
- iii. Was the Employer required to impose the maximum liquidated damages?
- iv. Was the Employer required to cash the contractor's performance guarantee?
- v. Was the Employer required to terminate the contract?

Any of these events represent a severe failure by the contractor and cause for blacklisting and should be reported by the department to the Implementation Committee.

Both the department head and the Implementation Committee have the power to blacklist a contractor under the Financial Administration and the Construction Enterprises Regulations. Blacklisting by one department in one sector where a contractor has performed badly should not give cause to blacklist the contractor in other departments or sectors if he has performed well in those sectors. The Implementation Committee should decide if blacklisting in all HMGN agencies or a downgrading of the contractor's classification is necessary.

In more normal circumstances, where the contractor is not at risk of imminent failure, the department should nonetheless carry out a performance evaluation at regular intervals, say each quarter, so that any deficiencies may be corrected immediately during the course of the contract. A final evaluation should be done at the end of the defects liability period, coinciding with issuing the performance certificate.

The department committee shall determine the criteria and weights to be used for different types of works. Normally the Project Manager and two technical staff familiar with the project and the contractor's work shall carry out the evaluation. The committee shall review the evaluation results, taking note of previous evaluations of the same contractor, and pass the results of the final evaluation to the Implementation Committee.

The contractor should be given a copy of the evaluation. If the contractor requests it, the Project Manager must be willing to give a debriefing, pointing out his reasons for the scores given. The purpose of the debriefing is to inform the contractor of his strengths and weaknesses and where improvement is possible. The evaluation score is final, and the debriefing is not to debate the score.

29.2.2 Contractor Performance Evaluation Form

A model performance evaluation form is given at the end of the Chapter. Contractor performance is evaluated on the basis of 26 criteria which are intended to cover the major construction activities involved in project. The evaluation of a particular contractor is made using all criteria listed in the attached form.

29.2.3 Criteria Weight

All criteria are not equal. Each criterion is given a weight between 1 and 5 to reflect its relative importance. The weights shown in the attached form are representative values and the evaluator must choose weights to suit the circumstances of a particular contract. The evaluator may wish to give a much greater weight to completion on time, eg. 20 as shown in the model form.

29.2.4 Scoring of Individual Criteria

Selected criteria are scored 0, 1 or 2 points then multiplied by the weight to obtain a weighted score.

29.2.5 Overall Performance Rating

The weighted scores of the selected criteria are summed. Similarly, the maximum weighted scores obtainable for those selected criteria are summed.

$$\text{Overall Performance Rating} = \frac{\text{Total weighted score}}{\text{Maximum obtainable weighted score}} (\%)$$

The Overall Performance Rating provides a measure of the contractor's performance as follows:

<50%	performance is unsatisfactory: the contractor may be blacklisted for a period of time and only considered for prequalification if he can demonstrate a significant improvement in capability.
50 - 75%	performance is satisfactory to good: the contractor is eligible for prequalification for works of a similar natures and contract amount.
>75%	performance is very good to excellent: the contractor is eligible for prequalification for works with an expanded scope of work and contract amount up to the limit prescribed by the existing rules and regulations for the class of the contractor.